

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6887

BILL NUMBER: HB 1259

NOTE PREPARED: Jan 5, 2013

BILL AMENDED:

SUBJECT: Alcoholic Beverage Permit Residency Requirements.

FIRST AUTHOR: Rep. Davis

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill eliminates the residency requirements for an alcoholic beverage retailer's permit. It changes the residency requirement from five to six years for a grocery store, drug store, or package liquor store permit (dealer's permit) issued to a person. The bill also changes from five to six years the residency requirements for a package liquor store or liquor wholesaler permit held by a corporation, partnership, limited partnership, or limited liability company.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC)* - This bill will increase administrative expenditures of the ATC. The ATC may be required to amend rules, applications, and other items governing the issuance of retailer's permits, dealer's permits, and liquor wholesaler's permits. It is estimated that the bill's provisions can be implemented within the ATC's existing level of resources.

Explanation of State Revenues: *Permit Fees* - The impact on revenue from permit fees is expected to be minimal. The bill may increase the number of eligible applicants for retailer's permits and decrease the number of eligible applicants for dealer's permits, package liquor store permits, and liquor wholesaler permits. However, the total number of permits issued is not expected to change due to quotas on the issuance of permits.

Annual permit fees for a retailer's permit and a dealer's permit are \$500, if the retailer or dealer serves only beer or wine; \$750, if the retailer or dealer serves two of the following: beer, wine, or liquor; and \$1,000, if the retailer or dealer serves beer, wine, and liquor. The annual permit fee for a liquor wholesaler's permit is \$2,000.

Sales of Alcoholic Beverages - Any change in sales of alcoholic beverages is also expected to be small. To the extent that the bill impacts sales of alcoholic beverages, revenue from the Alcoholic Beverage Taxes may be affected. It is likely that the bill will have little impact on Sales Tax revenue because any increase in alcohol sales may be mitigated by decreased sales of other items subject to the Sales Tax.

Revenue from the Alcoholic Beverage Taxes is distributed in varying amounts into the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the revenue that is distributed to the General Fund is allocated to cities and towns based on population.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenue will be impacted to the extent that a local unit receives funds from the state General Fund, Commuter Rail Service Fund, or Industrial Rail Service Fund (see *Explanation of State Revenues*).

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2012.

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